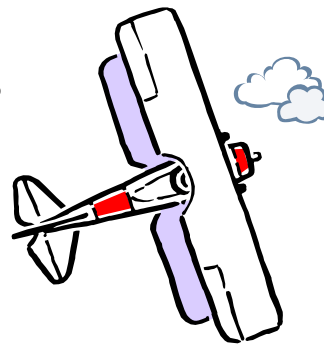


# SCHOOL DISTRICT FLYER

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## TRAVEL POLICY CHANGES

The Arizona Department of Administration has revised the Travel Policy section of the Arizona Accounting Manual. The most significant change is related to taxable meal reimbursements. In an audit of the State of Arizona, the Internal Revenue Service (IRS) determined that the



State's meal reimbursement policy was not in compliance with IRS regulations requiring employees to be traveling "away from home" in order to exclude meal reimbursements from their income. The phrase "away from home" means to require someone to travel overnight, or long enough to require substantial "sleep or rest" (further defined by IRS regulations). In accordance with IRS regulations, meal reimbursements without an overnight stay are required to be reported as a taxable employee benefit and taxes should be withheld from the reimbursement amount. For travel with an overnight stay, meal reimbursements for the day of and the day after the actual overnight stay should be excluded from income.

Districts should already be complying with the IRS regulations, and if not, should start doing so immediately. In order to properly tax meal reimbursements for travel without an overnight stay, districts should consider processing employee travel reimbursements through their payroll department and withhold social security, medicare, and federal and state income taxes. State retirement and long-term disability should not be withheld from taxable meal reimbursements.



Another change effective January 1, 2008, is an increase in the travel distance threshold requirement for meals and lodging reimbursement from 35 miles to 50 miles. For an employee to be eligible for meals and lodging reimbursement, the employee must travel outside a 50 mile radius from the employee's personal residence and duty post. The 50-mile

threshold is consistent with the threshold used in various IRS regulations.

The reimbursement rates that became effective November 15, 2006, for mileage, lodging, and meals and incidentals were not changed. The General Accounting Office (GAO) submitted recommendations to the Joint Legislative Budget Committee (JLBC) for changes to the reimbursement rates; however, JLBC has not met to consider the rate changes.

To obtain more information regarding taxable meal reimbursements and other changes to the travel policy, visit the GAO Web site at [www.gao.state.az.us/travel](http://www.gao.state.az.us/travel). Also, USFR Memorandum No. 231 - Reimbursement of Travel Expenses is available on our Web site.

## GENERAL RETENTION SCHEDULE FOR SCHOOL DISTRICTS



The Arizona State Library, Archives and Public Records' Records Management Division publishes general retention schedules for school districts. The schedules are organized by function, and include the types of documents that should be retained and their applicable retention periods. There are separate schedules for administration/management, accounting/finance, budget, equipment/vehicle services/facilities management, food service/student activities/auxiliary operations, information systems, personnel/human resources, purchasing/procurement, and student records. The schedules have been updated as of November 15, 2007, and are available at [www.azlibrary.gov/records/school.cfm](http://www.azlibrary.gov/records/school.cfm).

The agency's Web site ([www.azlibrary.gov](http://www.azlibrary.gov)) also includes information on training classes offered by the Division on records retention. In addition, the Web site provides information on where to access certain public records, including the telephone numbers and Web sites for the agencies that maintain the records.

## IS YOUR TRANSPORTATION ROUTE REPORT ACCURATE?

The Arizona Department of Education requires school districts to report actual route mileage for the first 100 days of school, using the Transportation Route Report (TRAN55-1). Properly calculating this mileage is important because it is the basis for state transportation funding to districts. However, during our school district performance audits, we have observed errors in calculating actual route mileage. Some common errors include:

- **Reporting a projection or estimate rather than actual.** Some districts project their 100-days mileage by recording actual mileage on 1 day only or for several days, and then averaging the daily route mileage and multiplying it by 100. Also, some districts do not keep daily bus logs or the logs are incomplete; instead, they estimate the 100-day daily route mileage. Districts should report mileage based on actual recorded mileage for each of the first 100 days. To do that, districts need to consistently maintain daily bus logs showing beginning and ending odometer readings and actual miles driven.
- **Mathematical errors.** Some districts had mathematical and transcription errors when the mileage on the daily bus logs was manually calculated or incorrectly entered into a database or spreadsheet. Also, spreadsheets used by some districts included incorrect formulas that did not correctly sum the route miles.
- **Failing to properly categorize miles.** Some districts do not keep sufficiently detailed records throughout the year and are unable to separately identify miles traveled for different district purposes. Districts must report route miles in several different categories, including miles traveled for special education students, homeless students, and vocational/technical education or athletic trips.
- **Including unallowable miles in daily route mileage.** Some districts do not keep sufficiently detailed records to properly exclude unallowable miles. Miles traveled for the purpose of storage or maintenance (deadhead mileage) must not be included in daily route mileage.

These errors can be avoided if districts keep records sufficiently detailed to determine the actual miles driven each day and for which types of routes or activities. Accurate and detailed records will also allow districts to develop and monitor performance measures, such as cost per mile, cost per rider, and bus capacity usage, which can help control transportation costs.

## Questions & Answers

**Question:** Should program code 470-Joint Technological Education District be used for all student vocational and technological education transportation expenditures?

**Answer:** Yes. Districts should code all student transportation expenditures related to vocational and technological education programs during the school day (i.e., field trips) to program code 470 even if the district is not part of a Joint Technological Education District (JTED). If a district is or later becomes part of a JTED, coding to this program code will help the district to determine its base year expenditures and show compliance with the program's nonsupplanting requirements. This program code should not include transportation costs related to transporting vocational and technological education students to and from their residence.

**Question:** Should all athletic activities be coded to function 1000-Instruction?

**Answer:** No. Only costs directly related to instructing students should be coded to function 1000-Instruction, such as coaches and referees. Other costs associated with athletics should be coded to individual function codes appropriate for the job. For example, since the bookstore processes gate receipts, employees taking and selling tickets at athletic events should be coded to function 3400-Bookstore Operations. Security guards at games and athletic equipment managers should be coded to function 2600-Operation and Maintenance of Plant (2660-Security/2640-Care and Upkeep of Equipment).

### AUDIT REPORTS

Fiscal Year (FY) 2007 audit reports are due by March 31, 2008. Districts required to have an audit for FY 2007 that have not already submitted these reports to our Office should do so before the March 31 deadline to avoid receiving a 90-day letter.